



FISCAL MEMORANDUM

HB 254 - SB 207

March 6, 2023

SUMMARY OF BILL AS AMENDED (004659): Increases the property value threshold for determining the extent of any property relief payments to low-income, elderly or disabled, taxpayers from \$27,000 of the full market value of the property to \$40,000 of the full market value of the property.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Expenditures – \$3,925,500/FY24-25 and Subsequent Years

Other Fiscal Impact – The extent of any permissive increase on local government expenditures cannot reasonably be determined.

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. §§ 67-5-702 and 67-5-703:
 - There shall be paid from the state's General Fund to low-income taxpayers aged 65 or older and to low-income disabled taxpayers (low-income taxpayers) the amount necessary to pay or reimburse such taxpayers for all or part of the local property taxes paid for a given year on a property that the taxpayer owned and used as their residence; and
 - The value limit on which reimbursement shall be paid shall be increased annually, by no less than zero percent and no more than three percent, to reflect inflation.
- The proposed legislation increases the value limit for upon which property tax relief is calculated, beginning in tax year 2024.
- Given that property tax notices will be sent to taxpayers in late 2024 and paid by February 2025, the first fiscal year impact will be FY24-25.
- Based on information provided by the Comptroller of the Treasury:
 - The value limit for low-income taxpayers for FY24-25 is projected to be \$31,700;
 - The recent growth rate in property tax relief payments to low-income taxpayers is a negative three percent (-3%);
 - The amount of property tax relief beginning in FY24-25 would be:
 - \$14,992,415 for low-income taxpayers at the \$31,700 projected property value limit; and

- \$18,917,873 for such homeowners at the proposed \$40,000 property value limit.
 - The increase to state expenditures relative to tax relief for low-income taxpayers is estimated to be \$3,925,458 (\$18,917,873- \$14,992,415) in FY24-25 and subsequent years.
- Certain local governments have adopted various forms of local supplemental tax relief programs.
- An increase to the value limit for low-income taxpayers could also result in an increase in local government expenditures for these programs; however, the timing and extent of any permissive increase in expenditures will vary based on the approach and criteria for such programs.
- Any permissive increase in local expenditures cannot reasonably be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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